MINUTES OF

THE IVY NETWORK MEETING AT

COLUMBIA UNIVERSITY

FERRIS BOOTH HALL

SATURDAY, 9 SEPTEMBER 1961

The meeting was called to order by President William B. Fishman at 1:15 P.M. All member stations were present except WVBR, Cornell, and WPRB, Princeton.

Since Mr. Ray Karras, account executive on U.S. Steel at BBD&O, was present to talk to the stations, the reading of the minutes was tabled. Mr. Karras then stated that because of the stations' requests, certain procedures would be eliminated for the fall concerning the U.S. Steel program. Among these were split messages and professional announcers. The burden of proof rests with the individual stations and station announcers, since the local announcers will be introducing the taped announcement. He also stated that the messages would be more controversial and hold more interest for the audience. He hoped that merchandising would be similar to the excellent job the stations did last year. An innovation this year is going to be a questionnaire which will be sent with the tape, all stations' comments and telephone calls to be listed on the questionnaire, and the latter to be returned with the tape.

Fishman thanked Mr. Karras for his comments.

Robert P. Bremner, Business Manager, then read the minutes of the last meeting. Robert Channon, Station Manager, WHRB, noted the following corrections:

On page 1, the minor correction of the previous minutes was that the increment question had not been included.

On page 9, paragraph 2, "before voting" should be changed to "after voting," and Channon noted that voting was 5 to 3 in favor of the question.

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On page 12, Channon noted that he made a motion for the vote of thanks to Vanderwicken and Smith for their efforts on behalf of the Ivy Network.

The motion wasmmade and carried that the minutes be approved as amended.

Fishman then gave the president's report. He stated that most of the information on merchandising operations of the Network would come from the General Manager's and Business Manager's reports. He then reviewed his position as go-between for the stations and the Network office. He wished that the stations would continue to recognize the fact that he was their official representative for dealing with the Network office. He went on to say that the general picture of Ivy was good, and the business outlook for the Network was an unusually bright one. He requested, however, that greater confidence on the part of the stations should be put in the Network office. He further stated that with the help of all, this would be a record year for Ivy. Legal matters would be dealt with later; he requested that all minor problems be held until all reports had been made.

Bremner then gave the Business Manager's report. He briefly reviewed the audit which covered the period from February 1st to June 30th, 1961. He stated that all recommendations made by the auditor are being incorporated into the Network office's business operations. He reported that this year net profit was realized as compared to a deficit last year. He went on to say that the overall financial picture was optimistic, but that there was no comparison of financial statements available since the fiscal year had been changed only at the last meeting. He then said that all stations had been paid as much as possible, and the next payment would probably be in December.

Herbert F. Decker then gave the General Manager's report. He first went through the present and prospective contracts for the year.

Budweiser, Reynolds, Rheingold, and New York Telephone all have contracts through December which are most certain to be renewed at that time. The U.S. Steel contract is up $1300 from last year due to WDCR's being on full schedule and due to an increase in the cost of programming.

Utica Club is at WVBR only because of its distribution area.

The Doughnut Corporation of America, which has been promised us, is a small contract only at WKCR but can very easily develop into an expanded campaign with other contracts coming from DCA's advertising agency.

Schlitz is not signed yet, but is almost certain to renew at least three of the stations (WVBR, WPRB, WYBC) for the same 15-minute news and sports shows as were run last year. There is a good possibility that they will add WKCR.

There is a total of $46,000 in contracts which are almost definite. The following contracts are those which are likely -- i.e., they can go either way. There are still meetings and red tape to be cleared before any of these become definite.

BOAC's test campaign last year gave them ambiguous results. However, they are interested in promoting Ivy tours, and we may get them for $3000.

We are working on Schaefer for half football games which in not at all definite yet. They are now using only newspapers and are not sure in what direction their college advertising is going to run.

L&M has changed agencies which puts their renewal in a very tentative light.

RCA Victor is the best possibility for the spring. We are now in their tentative budget, the contract to begin in January, pending approval late this fall. Their show would be a program of new releases for their Red Seal label of classical music.

Channon mentioned that WHRB would want some freedom of what is played on the show.

William Green, Business Manager, WYBC, said that there should be some stipulation that the individual station have some sort of censorship right.

Decker then said that these things would be looked into. He then went on to mention other possible contracts.

Ford was possible for an institutional hour show either in the fall or in the spring.

New England Telephone and S.S. Pierce are quite interested in WBRU, WDCR, and WHRB.

Air France and Auto Europe are both renewals but are tentative because of agency and top executive changes.

No-Doz is very much interested in a spring campaign.

Lanvin will be a pre-Christmas campaign for about $1000. We will have no further information on this until a few weeks before the contract begins.

Beneficial is interested again, but as it was decided before, the contract was not worth the trouble on the part of the stations. Decker then asked how many stations would be interested in taking Beneficial for five "B-time" spots a week and only one tape a week. All stations said they would be interested.

Decker then went into merchandising needs for each contract. Budweiser does not need any merchandising until further word because of a legal difficulty.

Reynolds, Rheingold, and New York Telephone should all be particularly emphasized this fall, since renewal will depend on the material received through November.

Schlitz and U.S. Steel are both special contracts which will need extensive merchandising similar to last year.

Decker further elaborated on the comments of Ray Karras concerning the U.S. Steel Concert Hour. He said that the U.S. Steel contract is special in that the type of message they were presenting was of an intangible nature and that there was a great deal of interest from the agency in our opinions of the show. Almost every recommendation in the renewal report was accepted. They have also added some of their own innovations to make communications easier. The principal one is a

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questionnaire at the end of each script which each station's announcer is to fill in and return to the agency with the taped message. In this way station and listener comments will be recorded weekly. The removal of U.S. Steel's mouthpiece, George Hicks, will put more responsibility on student announcers. Thus these innovations must be made clear to each announcer. There is also a possibility that one of the station announcers would be used in one of the messages where it is necessary to have an interview. Decker asked which stations would be willing to have an announcer come to New York on his own expense. WKCR and WYBC agreed. Decker also requested that subscriptions to daily newspapers be made for Ray Karras. The agency requests that all stations use the theme unless there are violent objections. Channon said he did not think the theme was in keeping with the nature of WHRB's show, which featured particular artists every week. Decker said that this seems like a valid objection. Thus it was agreed that the theme would be used on all stations but WHRB, if the agency was agreeable. Decker concluded his discussion of the U.S. Steel show by requesting that each station director prepare a program log of the music that is to be played on each show for the coming year. These should be sent to the Ivy office as soon as possible.

Upon the conclusion of the general reports, Fishman asked for any questions.

Green asked whether there was anything from Gulf. Decker stated that they are wrapped up in their TV specials, having used all of their '61 budget in the first half of 1961, and they were not expanding their advertising plans at this point.

The motion was made, seconded and unanimously accepted that all reports be accepted.

A five-minute recess was then called.....

The meeting was called to order by Fishman at 3:10 P.M. Fishman then brought up the subject of the Roosevelt Hotel contract and the letter regarding this contract by Channon.

Channon said that he felt that he was opposed to Ivy's paying for a hotel room which was being used for housing purposes and not for an office. He understood from the spring meeting that the hotel room was to be used for an office as well as living quarters.

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Decker said that there was a clear distinction made at the spring meeting that the Roosevelt room was not going to be a business office. It was specifically stated in those minutes that the office was to be opened in early June at 550 Fifth Avenue. It was also recorded that the Roosevelt trade agreement was arranged so that it would be financially possible for Bremner to live in New York city. Both items were made clear at that meeting and there were no objections, either stated or implied. Therefore, the contract was signed after that meeting, and we are now under obligation to honor that contract.

Channon then said that if he had understood this separation of room and office, he would have objected to the room as definitely a personal living item.

There was then discussion on the pros and cons of the hotel trade agreement. Bremner said that if he had to pay for a room in the city, he would not be able to work for Ivy during the summer as it would be financially impossible. His total Ivy commissions would not be enough to defray his expenses for food and living in New York city, with the highest cost of living in the world, and still have any money left to show for one summer's work. Channon said that others worked in cities and had to pay for room and board. Bremner then said that this was their prerogative. However, he could have had a job near his home and made almost $1000 while living at home. If he had not had a free room, he would not have been able to work for Ivy this past summer. Decker then reiterated the nned for two people to work during the summer. He said that the living costs for food, transportation, plus paying for a room would be too high to enable an Ivy Senior Board member who lives out of the area to work for Ivy during the summer, and so this problem might arise again. Gene Blabey, WVBR, asked Channon if his airtime was so filled that he would not be able to fit in two more spots. Channon said that it was possible, but it was against WHRB's principles to air spots that they weren't paid for.

Fishman then said that the contract was signed and we were now under obligation to fulfill it. Fishman asked Channon, if, considering the obligation, he would continue his objections or withdraw them. Channon stated that the hotel room should not be paid for by the Network since it is a personal living item. Fishman restated that the item before him was whether he would accept the contract made with the Roosevelt. Channon said no.

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Blabey then said that if the Roosevelt would accept them, WVBR would take WHRB's obligation. Charlotte Tiedeman, WBRU, Ted Mascott, WDCR, Jim Shanman, WXPN, and Bill Green, WYBC, all stated that they also would split WHRB's time obligation with WVBR. Fishman thanked these stations and said that this would solve the problem if the agency will accept it.

Fishman said that the legal situation was the next item on the agenda. This is a very involved and complicated situation. Various aspects have been clarified as Bremner, Decker, and Fishman have had meetings with the attourneys at Cravath, Swain and Moore. The legal problem can be divided into three categories: 1) Articles of Association and By-Laws; 2) general legal problems, and 3) anti-trust question. They are overhauling the entire legal set-up of the Network which is taking a long time. The Articles of Association and By-Laws are being revised. They had a meeting with us and suggested what is necessary from the legal point of view and we told them what we think is necessary from an operating point of view. There are a number of small matters still to be worked out. We expect to be properly incorporated in the State of Connecticut within the next couple of months. At that time each station will receive a copy of the incorporation for their approval, and it should be returned to the Network office as soon as possible. The second area of difficulty is the question of taxes and rights of contract and incorporation. The entire structure is being revamped. There are minor items such as income tax evasion and whether we are educational or not. The third problem is whether we are in violation of anti-trust. The question of contractual rights enters into this. The anti-trust situation is not settled yet. We expect in a month or two to have the finished contract and copy of the By-Laws, and an estimate of legal standing will be sent to each individual.

Robert Posner, Business Manager, WPRB, then stated that Harold Medina, the Senior Partner at Cravath, Swain and Moore, with whom Ivy had its contact, made it known that they did not want to handle any more Network problems. Medina had asked Posner to convey this to the Board. Fishman said that he hadn't realized this, and thus he and Decker would have to work it out.

Decker then reviewed Ivy's statements to the stations and affidavit procedures. He stated that certain balances are off a few dollars due to station affidavits' being incorrect,

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and thus the stations' billing the Ivy office for more than Ivy can bill the client. Stations should check all their affidavits with their contracts before sending them to the office. Decker pointed out that a sheet had been given to all stations stating all the 1960-1961 discrepancies so that September could be started with a clean slate. Beginning in September, a report of affidavit discrepancies will be given each month.

Fishman then asked for new business. Mascott distributed the results of a survey WDCR had done on the facilities and equipment of the Ivy stations. Goldman, WKCR, said that WKCR was doing a survey this fall and next spring based on the research techniques of Young and Rubicam, where he worked this summer. He distributed a copy of their poll. Decker said that Ivy needed some research done next spring, and hoped that a poll of this sort could be done then, including question pertinent to Ivy. Goldman said that WKCR would be glad to cooperate in giving information.

Channon then brought up the question of Ivy expenses. He complained that Ivy wasn't living within its income. There is a difference between Ivy and another representative. Ivy is a corporation of eight stations, and the stations should control Ivy's activities. The only way to control the deficit is to control the spending. In addition, he also criticized the inadequacies in record-keeping, expenses that could have been avoided, disappointing financial statements, etc. He further stated that expenses are up considerably in 1961 and do not look as though they are coming down.

Decker replied that many of Channon's statements were either exaggerated or based on misinterpretation. He compared the expenditures for the five months of 1961 with three months of 1960 which were covered in the last audit. Even though the five months of 1961 contained two more months than the audit of 1960, the <u>total</u> expenditures of almost all categories were less in the five months than in the three months. He asked how this could be increased expenses for 1961. He further stated that the Network office is very conscious of expenses, and that money is certainly not being spent freely, but rather the contrary. Decker said that record-keeping was by no means sloppy as Channon had intimated. Many errors that had been made in the past have now been corrected, and every effort is being made in the proper keeping of records.

Jim Shanman, WXPN, said that Ivy is not a professional organization and as such, has done a good job, and he was satisfied. Frank Hawkins, Station Manager, WVBR, said that a lot of points have been dragged out of the past. The stations must have a certain amount of confidence in the people who are running the Network. Charlotte Tiedeman, WBRU, said that Ivy has been cutting down on expenses. It seems that a lot of false statements were being made. Goldman, WKCR, said that trust and cooperation should work both ways. Consultation should be made prior to contracts' being signed. Decker said that this was done. Fishman said that he, as go-between for the stations to the office, should be contacted when a station had a legitimate complaint.

The meeting was recessed at 4:50 ~~for five minutes~~ briefly.....

The meeting was reconvened at 5:05 P.M. Fishman asked that for the conclusion of business at hand as time was growing short and several members had to make trains.

Channon made the proposal that the General Manager prepare a budget and submit it to the Board for approval. The budget should not exceed 25% of the contracts signed at that time. As further contracts are signed, further appropriations would be added ~~equal to~~ not to exceed 25% of new contracts. The first budget would be submitted at the September meeting, and special appropriations would be asked for at the December and April meetings. Within this budget there is to be left a certain percentage for salesmen's commissions. Channon put this in the form of a motion to be discussed by the Board. Posner seconded the motion.

Decker said that the budget is basically a good idea, but said that it had been thought of in the past and found unworkable. The main reason for this is that Ivy expenditures are too flexible, sometimes necessitating large expenses (e.g., brochures, typewriter) which wouldn't be included in a budget. Even more important than a budget is the Ivy office's efforts to keep expenses at a minimum. He stated, however, that there is no reason why it could not be tried. Goldman, WKCR, amended the motion by saying that a budget should be submitted by the General Manager at the next meeting this December covering estimated expenses from September 1, 1961, to August 1, 1962. Channon accepted the amendment. The amendment was unanimously approved by vote. Channon's motion of setting an annual budget at the September meeting, with the above stipulations, was then voted on and unanimously approved.

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Green then proposed that commission rates to salesmen be changed. He suggested that rates on renewal contracts be 5% of net billings and 4-1/4% of gross billings, and rates for new contracts be 10% of net and 8-1/2% of gross. Posner seconded the motion. Discussion ensued.

Gene Blaley, WVBR, said that it was unrealistic to have rates on renewal contracts one-half those on new contracts, for in many cases salesmen have to work just as hard on renewals as obtaining new ones. He had two other questions: first, would the office be able to get Ivy salesmen at the reduced rate, and second, if salesmen could still be recruited, would they do as good a job with the lesser rate?

Decker said that this drastic cut in commissions could have a very detrimental effect on Ivy sales. First of all, commissions weren't too high. When you consider that each member of the Senior Board has been with Ivy three to four years, has sacrificed his grades to work for Ivy, going to New York city once every two or three weeks, and has worked a full summer in New York city with no vacation, the commissions themselves are certainly not too great a compensation. Second, with such a drastic cut in commissions, Ivy would not attract good salesmen; they would not do a better job with the lesser rate for much of the incentive and sense of responsibility which now exists would be decreased. It would be a great mistake to cut the rates so drastically, if cut them at all.

Furthermore, he stated that this could not be done retroactively since the present salesmen had taken their jobs as officers knowing what the compensation would be.

Posner stated that it was not his intention to have it retroactive, and thus he amended the original proposal as follows: that beginning with the regime following the present one, commissions on renewal contracts be 4-1/4% of gross and 5% of net, and on new contracts be 8-1/2% of gross and 10% of net. Green accepted the amendment.

Blabey asked if this question could be tabled until the next meeting, at which time we could determine how serious the effect would be on those salesmen who were to be officers next year. Posner said that it would be better to pass it now and take a chance. If the effect would be very detrimental, the commission rate of 10% of gross and 8-1/2% of net on all contracts could be reinstated. The question was called and voted on, passing by a vote of 7-1, WVBR voting in the negative.

Bill Green then commended Decker and Bremner for the tremendous sales job done during the summer.

Fishman then said that the December meeting would be held in New Haven since one meeting a year must be in the state of incorporation. The Fall and Spring meetings had been held in New York at Columbia because of its central location. He thanked WKCR for their hospitality.

The meeting was adjourned at 5:54 P.M.